

BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS

ARKANSAS INSURANCE DEPARTMENT  
PETITIONER

VS.

EA ADVANTAGE, LLC  
RESPONDENT

A.I.D. NO. 2018- 80

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CONSENT ORDER

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On this day, the matter of EA Advantage, LLC ("Respondent") came before Allen Kerr, Arkansas Insurance Commissioner ("Commissioner"). The Arkansas Insurance Department ("Department") is represented by Associate Counsel, Gray Allen Turner. The Respondent is represented by its attorney, Jared Young.

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force of effect until such acceptance is evidenced by the signature and entry of the Order by the Commissioner.

2. This Consent Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall

not unfairly or illegally prejudice the Commissioner from further participation or resolution of this matter or any administrative proceedings.

3. The parties understand and agree that this Consent Order applies only to the matters and things set forth in the Findings of Fact and matters and things related thereto.

4. After consultation with legal counsel, the Respondent, without admitting or denying the Department's findings contained herein, expressly waives all further procedural steps, and expressly waives all right to a formal hearing, to seek judicial review of or to otherwise challenge the validity of the Consent Order, the stipulations and imposition of discipline contained herein, and entry of said Consent Order by the Commissioner.

#### FINDINGS OF FACT

1. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Ark. Code Ann. § 23-61-103.

2. EA Advantage, LLC, FEIN 35-2198994, SBS 64235647 is an incorporated professional employer organization operating in Arkansas and was issued a certificate of registration to operate in Arkansas effective January 1, 2004, Arkansas Insurance Department PEO registration number E9523.

3. Respondent EA Advantage, LLC, failed to renew its professional employer organization license after it was issued in 2004. Respondent's license automatically became void thirty days after the January 1, 2006, renewal due date as per Ark. Code Ann. § 23-92-404(d)(3).

4. Respondent continued to operate as a PEO after its license became void on February 1, 2006.

5. As of 2017, Respondent had 63 clients operating in Arkansas with approximately 3203 employees.

6. On June 14, 2017, Respondent's representatives disclosed that the Respondent had been operating as a PEO in Arkansas without an active license.

### CONCLUSIONS OF LAW

From the Findings of Fact contained herein, the Commissioner concludes as follows:

6. By continuing to operate a professional service organization without a valid license, Respondent has violated Ark. Code Ann. § 23-92-404.

7. Based on the foregoing, the Commissioner concludes that the Respondent shall:

a. Comply with the proposed corrective action plan as described in Exhibit A attached to this consent order for a period of five years after this order is entered. The Respondent is not required to contract with any named service provider to be considered in compliance with the consent order.

b. Pursuant to Ark. Code Ann. § 23-92-414, pay an administrative penalty in the amount of ten thousand dollars (\$10,000) to the Arkansas Insurance Department within ninety days of the entry of this order.

## ORDER


Now therefore, on the basis of the foregoing and the waiver by the Respondent of its right to a hearing and appeal under the Arkansas Administrative Procedures Act, Ark. Code Ann. §§ 25-15-201, et seq., and the admission by the Respondent of the jurisdiction of the Commissioner, the Commissioner finds that the Respondent has consented to the entry of this Order and that the following Order is appropriate and in the public interest.


### IT IS THEREFORE ORDERED THAT:

1. Respondent's application for a professional employment license shall be granted for a period of two years.
2. Respondent shall pay an administrative penalty in the amount of ten thousand dollars (\$10,000) to the Arkansas Insurance Department within ninety days of the entry of this order.
3. Respondent shall comply with the corrective action plan as described in Exhibit 1 attached to this consent order for a period of five years after this order is entered.
3. This Consent Order is in the public interest, is in the best interests of the parties hereto, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signature of the company representative affixed below, the Respondent affirmatively states that the Respondent has freely agreed to the entry of this Consent Order, that it waives any rights to a hearing on the matters underlying this Consent Order, and that no

threats or promises of any kind have been made by the Commissioner, the Department, or any agent or representative thereof. The parties, by signing this Consent Order, affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein other than the terms of settlement set forth in this Consent Order, are binding upon them.

IT IS SO ORDERED this 11th day of July, 2018.

  
JARED YOUNG  
ATTORNEY FOR EA ADVANTAGE LLC.  
RESPONDENT

  
ALLEN KERR  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

# Exhibit A

## Corrective Action Plan

July 3, 2018

Commissioner Allen Kerr  
Arkansas Insurance Department  
1200 West 3<sup>rd</sup> Street  
Little Rock, AR 72201

**Re: Employer Advantage licensing compliance**

Our company has taken the following steps to ensure compliance with Arkansas law regarding professional employer organizations:

1. **Created and filled a full-time Compliance Manager role.** Over the history of our company, we have never had a single person responsible for overseeing our various compliance obligations. Those that did have responsibility also had many other areas they were responsible for, so compliance items sometimes slipped through the cracks.

To fix this problem, we appointed a new Compliance Manager in 2016. The Compliance Manager is responsible for helping our company stay in compliance with state and federal regulations everywhere that we operate. She has done a systematic review of our compliance situation in each jurisdiction and taken actions to correct deficiencies wherever they have been found.

2. **Signed up for the eCAL service from APEC.** This software, created by the Alliance for PEO Electronic Compliance (APEC), allows a PEO to receive automated updates and alerts when regulations change or filings are due in a given state.
3. **Implemented a customer relationship management (CRM) system.** Our CRM will allow our employees to better communicate client changes to Ms. Reidenbach so that she can more easily fulfill the various reporting obligations we have in each state.
4. **Instituted monthly compliance meetings.** Each month, the Compliance Manager meets with two members of senior management to review current and upcoming licensing and compliance issues and make sure issues are being addressed in a timely manner.

We hope these actions adequately demonstrate that we have learned from our past mistakes and are committed to remaining fully compliant in the future. Please let us know if you need any further information from us. We look forward to getting this matter resolved.

Best,

Jared Young  
COO/Corporate Counsel

